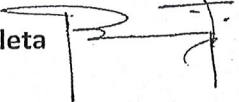


15 May 2018

ESB OPERATION GUIDELINES NO. 18-001
Series of 2018

For : President Reuben S. Lista

From : Graciela M. Barleta
SVP -LAEMS 

Subject : IMPLEMENTING GUIDELINES FOR ACCREDITATION OF
CARGO HANDLING OPERATOR (CHO) FOR PNOC ENERGY
SUPPLY BASE, MABINI, BATANGAS - Series 2018

The Philippine National Oil Company (PNOC) Energy Supply Base (ESB) is a private commercial port located in Mabini, Batangas, which offers pier services, warehousing facilities, cargo handling, equipment rental, manpower services, bunkering, and water services.

Previously managed by the PNOC – Exploration Corporation (PNOC EC), the upstream oil and gas subsidiary of PNOC, the ESB was set up to cater to the logistical needs of energy exploration companies. It has since opened its services to other commercial clients. Starting 1 January 2018, the administration of the ESB was assumed by PNOC.

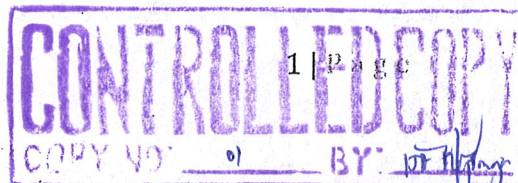
In the interest of sustaining its operations, maintaining high quality in the provision of its services, ensuring the safety, security and health of all personnel, complying with relevant environmental regulations and protecting the welfare of the general public within and around the Energy Supply Base and in preparation for the International Organization for Standardization Certification (ISO 9001); there is a need for the accreditation of Cargo Handling Operators doing business inside the ESB.

Hence the following guidelines are hereby issued for the compliance of all concerned:

Section 1. Definition of Terms.

As used herein, the terms bellow shall be defined as follows:

- a. **“ACHO”** – shall refer to the **“Accredited Cargo Handling Operator”** - means any company/corporation duly accredited by the Philippine National Oil Company to perform functions related to cargo handling in PNOC Energy Supply Base facilities in Mabini, Batangas.
- b. **“CDA”** – shall refer to the **“Cooperative Development Authority”**.
- c. **“ESB”** – shall refer to the **“Energy Supply Base”** located along the coast of Batangas Bay in Barangay Mainaga and San Francisco, Mabini Batangas with three (3) piers i.e. Triangular Pier, Marginal Wharf and Roll-on/Roll-off.



- d. "PNOC" - shall refer to the "Philippine National Oil Company".
- e. "SEC" - shall refer to the "Security and Exchange Commission".

Section 2: Requirements for Accreditation of Cargo Handling Operator

Any applicant for accreditation must submit the following requirements:

A. LEGAL REQUIREMENTS:

1. BUSINESS REGISTRATION

- 1.1 Registration Certificate from the SEC, Department of Trade and Industry for sole proprietorship, or CDA for Cooperatives;
- 1.2 Latest updated General Information Sheet; and
- 1.3 Owners' Identification (valid IDs include: Driver's License, Passport or NBI Clearance).

2. PERMITS/PROOF OF BUSINESS ADDRESS

- 2.1 Business Permit/Mayor's Permit for the current year issued by the city or municipality where the principal place of business of the applicant is located; and
- 2.2 BIR Certificate (BIR Form 2303 or 1556)
- 2.3 Tax Clearance per EO 398, as finally reviewed and approved by the Bureau of Internal Revenue.
- 2.3 Transfer Certificate Title (TCT) or Lease Agreement

3. LABOR RELATED DOCUMENTS (for the last 6 consecutive months prior to submission of application) – Certification in good standing of:

- 3.1 SSS Remittances
- 3.2 Phil health Contribution
- 3.3 Home Development Mutual Fund Remittances

B. FINANCIAL REQUIREMENTS

- 1. Audited Financial Statement for the last three (3) consecutive years (with ITR 1702 – Annual Income Tax return proof of BIR payment and SEC stamp) and all its attachment.
- 2. Payment of Non-Refundable Application fee of Three Thousand Pesos (PhP 3,000.00) + VAT upon submission of Letter of Intent.

C. TECHNICAL REQUIREMENTS

- 1. Letter of Intent addressed to:

The PNOC President and CEO
Philippine National Oil Company
6/F Bldg. 6, Energy Center



Rizal Drive, Bonifacio Global City
Taguig City

Attention: Senior Vice President – LAEMS

2. Company Profile (including information of ownership, number of years in the business, and complete company address);
3. List of Incorporators and Officers of the company (such as the President, Vice-President, Treasurer and Corporate Secretary, among others) with their educational background, experience with inclusive dates, and number of years with the company;
4. List of personnel which shall include the following information: complete name, position in the company, address, age, educational background, and number of years of experience, as well as the employment status of the personnel - if permanent or contractual employee;
5. List of equipment with proof of ownership attached;
6. List of client/cargo handled in the last two (2) years prior to the date of the application;
7. Omnibus Sworn Statement indicating that: (a) the signatory to the application is the duly authorized representative of the company; (b) each of the documents submitted is an authentic copy of the original, and all statements and information provided therein are true and correct; (c) it is authorizing PNOC to verify all the documents submitted; (d) that the applicant is not related to any officer and employee of PNOC; (e) it is compliant with existing labor laws and standards; and, (f) it did not give or pay, directly or indirectly, any commission, amount, fee or any form of consideration, pecuniary or otherwise, to any person or official or representative of the government in relation to any project or activity.

Proof of authority of the duly authorized representative (such as a Secretary's Certificate with a Board Resolution confirming the appointment) must be attached to the Omnibus Sworn Statement.

D. PROGRAMS

1. Company Safety, Security, Environmental Program;
2. Company Health Program;
3. Community Social Responsibility Program; and,
4. Other Programs (please indicate).



E. OTHER REQUIREMENTS

1. Must have a leased office space/area and/or open space for laydown area of equipment in PNOC Energy Supply Base.
2. Submission of Certification of NO OUTSTANDING FINANCIAL OBLIGATIONS from PNOC and/ or from any PNOC subsidiary.

Section 3: Evaluation

PNOC will create a Technical Working Group ("TWG") which will evaluate the applications and provide recommendations to the PNOC President. The PNOC President or his duly designated representative will have the discretion to approve or reject the applications, in accordance with this guidelines, the recommendation of the TWG, and in accordance with the applicable rules and regulations.

Section 4: Issuance and validity of certificate of accreditation

1. After evaluation and verification, the Philippine National Oil Company will inform in writing the applicant of the acceptance or denial of their application.
2. If accepted, the applicant shall execute the following:

- 2.1 SURETY BOND callable upon demand, issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security. The surety bond shall be issued in favor of PNOC and shall remain valid for a period of three (3) years.

The SURETY BOND shall be in the amount of TWO MILLION PESOS (PhP 2,000,000.00), subject to change as it may be deemed necessary and upon appropriate notice to all interested parties.

- 2.2 Payment of accreditation fee in the amount of:

Category A: TWENTY FIVE THOUSAND PESOS (PhP 25,000.00 + VAT)
Category B: FIFTEEN THOUSAND PESOS (PhP 15,000.00 + VAT)
Category C: TEN THOUSAND PESOS (PhP 10,000.00 + VAT)

3. Upon compliance and completion of all the requirements enumerated in Section 2, a Certificate of Accreditation may be issued by the PNOC. The Certificate of Accreditation shall be valid for two (2) years, and may be renewed in accordance with Section 10 of this Guidelines.

Section 5: Privileges for being ACHO

1. The ACHO will be referred by PNOC to incoming vessel/s as choices to perform cargo handling services inside the Energy Supply Base.

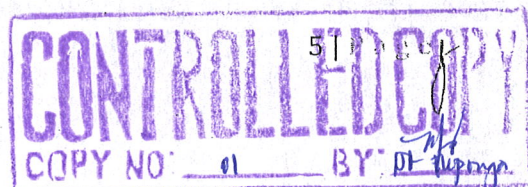


2. Only ACHO can operate and provide services inside the Energy Supply Base.

Section 6: Responsibilities of an Accredited Cargo Handling Operators

1. Comply with all PNOG Energy Supply Base policies, rules and regulations on Safety, Health, Security and Environmental Management, and all other applicable rules and regulations.
2. During cargo handling operations, the ACHO must ensure the safety and environmental impact of the operations.
3. The ACHO shall assume control and responsibility of any and all possible and potential environmental impact/s that may result during and after cargo handling operations. The cost to control such environmental impact shall be for the account of the ACHO, and will include among others, watering, cleaning of road, dust control mitigation, and the like. Any complaint by the community regarding cargo handling operations will be addressed by the ACHO.
4. The ACHO shall ensure the cleanliness of the area during and after cargo operations. In compliance with PNOG rules, regulations and policies, ACHO shall participate and cooperate in maintaining the orderliness and cleanliness of the entire Energy Supply Base including its facilities.
5. The ACHO shall hold PNOG harmless of any damages, liabilities or injuries arising from its operations, including any complaints regarding the safety and environmental impact of its operations. Otherwise, the ACHO shall indemnify the PNOG for any damages or expenses it has incurred by reason of any complaint or suit arising from its operations.
6. The ACHO shall submit to PNOG the yearly updated Business Permit and other legal requirements as enumerated in Sections 2. A. 2 and 2. A.3.
7. The ACHO shall comply with the Occupational Safety and Health Standard (OSHS) and Environmental Requirements.
8. The ACHO shall attend monthly coordination meeting presided by the PNOG.
9. The ACHO shall attend locators-wide HSE coordination meetings.
10. The ACHO must participate in Energy-Supply Based Activities spearheaded by the PNOG.

Failure to comply with any of the aforementioned responsibilities and/or commission of acts punishable under existing laws, rules and regulations shall be a ground for suspension or cancellation of the Certificate of Accreditation.



Section 7: Schedule of Payment (SERVICE FEE to PNOC)

Refer to the attached ANNEX "A"

Section 8: Categorization

The PNOC will categorize the Accredited Cargo handling Operator (ACHO). The categorization will be based on the capability of services being offered and the equipment owned by the ACHO. The Categorization is:

- | | | |
|----------|---|--|
| Category | A | - can engage in providing EQUIPMENT and MANPOWER |
| Category | B | - can engage in providing EQUIPMENT ONLY |
| Category | C | - can engage in providing MANPOWER ONLY |

The ACHO shall not be allowed to provide services other than those specifically indicated based on their category.

Section 9: Suspension/Cancellation of Accreditation

The accreditation of the cargo handling operator may be suspended or cancelled by the Philippine National Oil Company (PNOC) after due process and upon recommendation of the Energy Supply Base Administrator for any of the following grounds:

Suspension:

1. Failure to renew accreditation within one (1) month before the expiration of the accreditation.
2. Non-compliance with the provisions or requirements of this guideline.
3. Non-payment of payables to PNOC upon issuance of final notice.
4. Failure to address any complaint of a customer.
5. Two consecutive "POOR RATING" from the client.
6. Two consecutive "POOR RATING" from the PNOC.

Cancellation:

1. Two consecutive suspensions.
2. Violation of professional ethics.
3. Threatening or libeling any of the PNOC and/or PNOC subsidiaries employee or officers.
4. Any threat that will affect the operations of the Energy Supply Base and its clients, vessel consignee and agents.

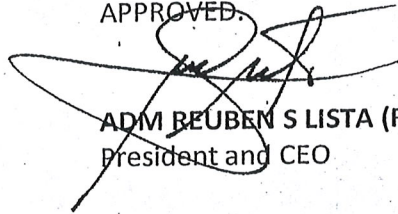


5. Final judgment of conviction of any Company officers of a criminal offense involving moral turpitude.
6. Conflict of interest (ACHO or ACHO Subcontractor is a direct competitor of PNOC, etc. Constructing own pier, or owner or part-owner of pier).

Section 10: Renewal of Accreditation

1. The accreditation, and its subsequent renewal, will be valid for a period of two (2) years only from the date of the issuance of the accreditation.
2. Any ACHO may renew its accreditation before its expiration, provided that the application for Renewal of Accreditation must be filed one (1) month prior to the expiration of accreditation. The Accreditation may be renewed only upon submission of an updated organizational profile, and all documents/requirements stated in Section 2, and upon approval of the PNOC President.
3. PNOC may require other additional documents/requirements as the need arises, subject to appropriate notice given to all parties interested in renewing their Accreditation.

APPROVED.


ADM REUBEN S LISTA (Ret)
President and CEO

